

EXPENSE AND INCOME

5071

(May 1988)

One of the objectives of PRC §5631, pertaining to the state forests, is to investigate and demonstrate economical forest management. To demonstrate such management, it is imperative that there be records of expenses and income for each major state forest. Since the fiscal practices of state government hardly meet the needs of a forest operation, a system of keeping memorandum accounts and records has been developed for state forests. Despite the complexity of information, it is essential that these records have uniformity for statewide summarization and yet possess flexibility within accounts to meet local needs.

The maintenance of these state forest memorandum accounts accomplishes three immediate goals:

- Keep the forest personnel informed of the operational costs.
- Makes these employees cost conscious.
- Provides a uniform method of periodically reporting on financial aspects of state forest operations to those concerned.

ACCOUNTING SYSTEM

5071.1

(May 1988)

The double entry method will be used for recording information regarding state forest expenses and income. Double entry is a system of bookkeeping in which every transaction is entered twice, first on the debit side of one or more accounts, and then on the credit side of one or more other accounts. Every debit has its credit. In a double entry ledger the sum of the debits must be equal to the sum of the credits ([see Sample Double Entry](#)).

A brief outline of the system to be used with a few sample entries is contained in the [Sample Double Entry](#). The forest manager will maintain these records. To meet local needs, any major account may be further broken down within that account into two or more minor accounts. Great care is not needed to pinpoint exact entries or attempt to reconcile them with other state fiscal procedures. Entries will be made at least yearly, but preferably monthly. Sources of entry are requisitions, purchase orders, invoices, payrolls, timber sale records, etc.

Personnel on the state forest should exercise good judgment and use simple methods in determining the entries to be made. In cases of state forests which have conservation camps doing work on them, only those charges should be made that represent expenditures of work or funds necessary for the management of the forest. Conservation projects without direct value to the management of the forest involve costs that would be expended if the camp did not exist. These costs should not be charged against the forest.

ANNUAL FINANCIAL SUMMARY

5071.2

(May 1988)

An annual financial summary should be submitted to the Director as part of each State Forest Annual Report ([see Section 5074](#)). This report is due January 15th of each year. Only the yearly total for each account prescribed herein need be reported for the previous calendar year. If special accounts are in use, they should be incorporated into the standard accounts as set forth herein when this report is made.

LEDGER ENTRIES

5071.3

(May 1988)

As a guide to making proper entries, below are various items listed by accounts, that should be entered within each account. Because of the complexity of the activities on state forests, this list is not intended to be complete but is offered only as an aid to assist in promoting greater uniformity between the records of one forest and those of another.

Under "Explanation of Item," be specific and give enough detail to identify any entry. Quite often anyone (including the local forest officer) making some particular study may have to rely upon the information given in this column to compile or isolate various entries by activities.

Cash Debit

Forest revenues, salvage value of surveyed equipment.

Credit

All expenditures.

Timber Debit

Acquisition costs for timber.

Credit

Depletion of this account as timber is harvested.

Land Debit

Acquisition costs for land.

Credit

Revenue from sale of land using acquisition land values.

P & E Debit

Cost of buildings, property and equipment items.

Credit

Account to be credited with original cost of P & E items when such items are surveyed.

Sales Debit

Cost of preparing and conducting sales.

Credit

Revenue derived from all types of timber sales, special uses, trespass, pack station fees, stumpage value of products harvested for CDF use, etc. (Do not include sales tax.) You may wish to set up separate accounts within this account for timber sales, CDF products, Christmas trees, etc.

Administration

Costs of general administration not chargeable to other specific accounts; this would include inventory, cruising (other than for timber sales), etc.

Protection

Costs for such things as hazard reduction, fire prevention, maintenance and development of roads and trails which are built specifically for fire protection purposes, water source development for fire protection purposes, insect and disease control, etc.

Fire Suppression

Cost of controlling fires on the state forest by only the personnel and equipment regularly chargeable to the forest. Total cost of suppression should not be used as the bulk of this expense is normally provided all owners at public expense.

Engineering

Costs for such activities as property and boundary surveys, general mapping, road location, etc. (Does not include construction.)

Road Construction

Expenses for construction (capital investment) of state forest road system. Construction costs for roads strictly for fire protection should be shown in the "Protection" account.

Road Maintenance

Expenses for maintenance of roads other than fire protection roads.

Experiments & Demonstrations -

You may wish to set up minor accounts within this account for timber stand improvement, experiments, and demonstrations. This major account should include such activities as forest planting, thinning, and pruning; establishment of experimental and demonstrational plots; permanent plots for growth and mortality, etc.

Recreation

Expenses for campground development, special trails, etc.

Taxes

In-lieu taxes paid by state to counties for forest properties.

Depreciation

An account to be debited where property and equipment is surveyed. Depreciation schedules need not be used.

Depletion

An account to be debited when timber sales are made or harvesting of timber is done, based upon the value of the stumpage determined from original appraisal values of that timber at time of acquisition.

FORMS AND/OR FORMS SAMPLES: RETURN TO ISSUANCE HOME PAGE FOR FORMS/FORMS SAMPLES SITE LINK.

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